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Anti-monopoly, pseud.

A letter to the Committee
on the Bank Monopoly
Glasgow

1858

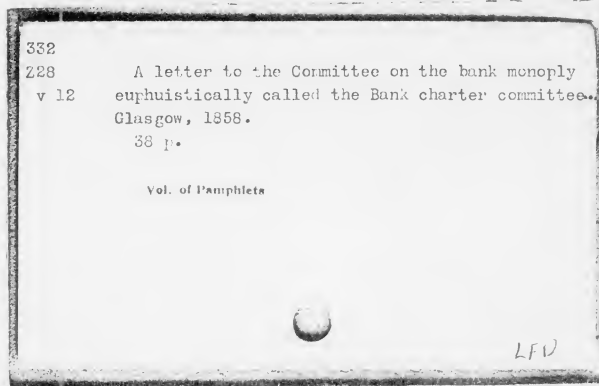
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FILM SIZE: 35mm

REDUCTION RATIO: 11:1

IMAGE PLACEMENT: IA ☒ IB IIB

DATE FILMED: 2/10/98

INITIALS: F.C.

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A LETTER

TO THE COMMITTEE ON THE

BANK MONOPOLY,

EUPHUISTICALLY CALLED

THE BANK CHARTER COMMITTEE.

"One of the most prominent characteristics of a truthful man is to
"call things by their proper names; and those who adopt a contrary
"course are not to be trusted—having their own purposes to serve."—
Moral Precepts.

JAMES MACLEHOSE, GLASGOW;
HAMILTON, ADAMS, & CO., LONDON;
ROBERT MACLEHOSE, AYR.

1858.

13 March 1914 Mr. Hanson

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A LETTER

TO THE COMMITTEE OF THE

BANK MONOPOLY.

GENTLEMEN,

I CANNOT introduce this Letter to your notice better than by the following quotation from a speech of Lord Sydenham, when Mr. Poulett Thomson ; for however indisposed you might probably be to pay any attention to my observations, you cannot fail to recognise in his Lordship one of those who, both as a Statesman and as a Merchant, understood the subject in all its bearings. He said—

"I have shown that in Principle the Monopoly of the Bank of England is monstrous—that in Practice it has been uniformly productive of the most ruinous consequences to the Public Interests. All the Whig Statesmen of this century and the last—Mr. Fox, Mr. Tierney, Mr. Horner, Mr. Huskisson, Mr. Ricardo, Mr. Grenfell—were of the same opinion. All the Political Economists, without exception, denounce the Bank Charter as a nuisance to be extinguished, an abuse not to be tolerated after the Expiration of the Charter."

Of course, I am perfectly aware that a majority of your body have been selected by the Whipper-in, to carry out the wishes of the Government respecting the BANK MONOPOLY ; and although I would assuredly have preferred

more impartial judges; yet, as I have no alternative, I must be content to accept you as such, trusting not merely to the intrinsic merits of the measure about to be laid before you, but relying most confidently on that ultimate Court of Appeal to which we are equally amenable,
PUBLIC OPINION.

The paragraph which I have quoted would only be weakened by any attempt of mine to support it. That which so many master minds have declared was "*productive of the most ruinous consequences to the public interests,*" must be considered to have produced such effects, even when the subject itself was of a doubtful character; but when speaking of a MONOPOLY, who can hesitate in pronouncing such declaration to be true, for how can a MONOPOLY be productive of anything but loss to the public, and that in a far greater ratio, than its profit to the individual.

Previous Committees on the BANK MONOPOLY have accepted as gospel truths, the evidence of money-dealers in support of the existing system—you are expected to do the same. Will you, therefore, permit me to remind you of one of the best of Æsop's Fables, and which has doubtless often occurred to you when any charlatan has endeavoured to inflict his nostrums upon you, for "*There is nothing like leather,*" has passed into an English proverb.

Will the most honest among you—one who values the truth more than he fears the frowns of the Whipper-in—venture to remind your Committee of the fact, that no rational distinction can be drawn between the motives which influenced the money-dealer to give so decided an opinion in favour of the present system, and those which led the equally cunning leather seller to tell the authorities "*That leather was the best material for the walls of a besieged city.*"

Above twenty years have elapsed since Mr. Poulett

Thomson pronounced this character of the BANK MONOPOLY, yet it still exists in all its enormity, and the industry of the country is yet reeling under the staggering blow it has lately inflicted on the public. As I also believe that, like all MONOPOLIES, "that of the Bank of England is a nuisance which ought to be abolished," it therefore appears most useful to enquire carefully—What can have so long preserved the nuisance? Why cumberers it the ground? the last and worst of the MONOPOLIES.

One of the reasons for its existence consists in the undoubted fact, that it affords great convenience to a Government whose guiding star is red-tapism, in being able, with little trouble, to borrow money for Public Expenses, Payment of Dividends, &c.; but as the measure which I shall submit to your consideration would most effectually prevent the necessity of the Government being at any time a borrower for Ordinary Expenses (not a very creditable position for any Government), it is not necessary to say a word on this point.

Another, and a far more important reason for continuing the existence of the BANK MONOPOLY, consists in the law which renders it necessary that every note should be convertible into gold; for, as it is certain that this may at times be impossible, it might happen that if the Government issued the notes, and had no gold to pay them, it would become Bankrupt—far more discreditable than if the Bank of England, which is only a Joint Stock Company, should be so involved.

Were I only fortified by my own conviction that the money-dealers' scheme of Convertibility must, however profitable to themselves, be necessarily productive of the greatest public injury, I should have hesitated in expressing this conviction so strongly, when on reading the late debates upon the subject, I perceive how many talented and influ-

ential Members declared themselves just as positively in favour of Convertibility.

Yet I am sustained by the Legislative history of, comparatively speaking, a very few years; for I there find recorded the melancholy but indisputable fact that there never existed a single abuse, which was not merely defended, but extolled as one of the best Institutions of the country by overwhelming majorities of both Houses of Parliament, and by the leading statesmen of the period, the latest of which was the memorable assertion of Lord Melbourne—"That a man must be insane who would seriously propose to abolish the Corn Laws."

The Slave Trade—Catholic Disabilities—the Test and Corporation Acts—Rotten Boroughs—the Trade Monopoly of the East India Company—the Landlords' Monopoly and the Corn Laws, have all had committees, selected by the Whipper-in of the day, extolling them as the valued Institutions of the country; yet they are all gone to the land of the Capulets, because however beneficial to the *few*, they were injurious to the *many*; and so will it be, sooner or later, with the *Monopoly of the Bank of England*, and with the myth Convertibility. They have all miserably perished, hooted down by the shouts of the people, because they were based upon falsehood,—falsehoods now so clear and palpable, that the wonder is how any man whose friends permitted him to be at large, could have either condescended to use them, or been abject enough to support them.

It was false that a man could justly have property in a fellow-creature. *It was false* that the admission of Roman Catholics to their social rights could subvert our constitution. *It was false* that our Constitution would perish if Rotten Boroughs were destroyed. *It was false* that the Trade Monopoly of the East India Company was a benefit

to the public. *It was false* that the Landlords' Corn Monopoly was a benefit to the public. Yet all these falsehoods have been maintained by committees of both Houses, by large majorities in both Houses, by eminent statesmen; and I parade this fact before you, because I wish you to consider whether it may not be *equally false* that convertibility of paper into gold is essentially necessary to the credit of this country.

The assumed necessity for convertibility into gold arises from the error of treating the measure of value and the currency as similar, whereas they are essentially different—different in their origin, and different in their use; and gold is no more the standard or measure of value, than the block out of which the yard is made is the measure of length;—in the one case it is gold at the rate of £3 17s. 10½d. per ounce, which is the measure of value, in the other it is the yard formed from the block which is the measure of length.

This distinction of gold itself not being the measure of value may appear at first hypercritical; but really not drawing it is the basis of the confusion between the measure of value and the currency, for these bear no other relation to each other than that which exists between the yard of silk or cotton, and the instrument which measures it; and as the measure of length may be of any material, so different measures of value have been adopted by different countries; and very able men, masters of the subject, have expressed an opinion that either corn or labour would be a more correct measure of value than either gold or silver.

The measure of value which a country selects, is adopted for the purpose of enabling the inhabitants to fix a price on the articles they produce or sell, corresponding with that which it has cost them, with the addition of their expected profit. The tailor has a coat to sell, the shoe-

maker a pair of shoes—but if there was no measure of value, however well inclined they might be to exchange, how would it be possible to effect an arrangement?

But with a measure of value, whether gold, silver, or copper, or even corn or labour, the transaction would be easy. With our measure of value—gold, at £3 17s. 10½d. per ounce—the tailor puts the price of one ounce of gold on the coat, while the shoemaker requires one quarter of an ounce as the price of his shoes. The exchange is effected, the shoemaker owing the tailor three-quarters of an ounce of gold. This is *BARTER*.

The obvious difficulty of transacting any large amount of business in this mode, led to the necessity of having a currency, first of the more common metals, then, as business increased, of the more costly. Why? Not merely because gold was a more valuable metal than iron or copper, but because gold, on account of its relative value being far greater than its relative weight, was more portable, and therefore more convenient. This necessity of the feature of portability in a currency, led to the adoption of a paper currency, in the form of bills of exchange and of cheques.

Without these it would be absolutely impossible to carry on business at the present day; for all the coin in the world would be a very insufficient currency to carry on the business of this country alone. Among the mercantile community the bills of exchange are currency, just the same as the one pound note is among other classes. It promises to pay at a future day one thousand pounds. Does either he who gives, or he who receives it, do so because they expect on the day appointed, one to pay, the other to receive, one thousand pounds.

Can this be pretended? And, if so, were there not bills of exchange between 1797 and 1819. But it is notorious, both the man who is to receive a thousand

pounds, and he who is to get a sovereign, take note for both the sums, in the certainty they will have no difficulty of parting with them for the precise value they purport to bear, that value being a distinct relative proportion to the measure of value, viz., gold at £3 17s. 10½d. per oz. It is this feature of the will of the public which alone decides the question, whether the Currency is of a satisfactory character or not.

Bigoted partisans of James refused the coin stamped with the effigy of William and Mary, and when necessity compelled them to receive it, they sent it to the melting-pot, at a certain loss, rather than be the medium of passing to others the emblem of sovereignty.

It is self-evident that the quantity of currency required in each country must be entirely dependent on the amount of the agricultural, commercial, and manufacturing operations of its inhabitants. This amount necessarily varies not only from one year to another, but even from one season to another, and therefore it is of the highest possible importance to a country like ours, which may be truly denominated a Hive of Industry, that the currency should be of an elastic character, expanding without difficulty or expense, contracting without loss.

The wit of man could not possibly have devised a better system for Currency than Paper issued by Country Bankers, fully cognisant of the currency wants of each district in every season, and ready to supply such wants the moment they occurred, on such security as practical experience assured them was sufficient to protect themselves, with a fair profit. On the face of it, this would appear reasonable; and no one, whose mind is not so constituted as to be disposed to question whether 2 and 2 make 4, can deny that in Scotland, where the principle has been tried for a greater length of time, and to a greater amount, than in any other country, it has been productive of the greatest

benefit to every one, more especially to the industrious classes, whether employers or employed.

I do not doubt that such Banks require some special laws, and that they should not be left entirely to the principle of free trade; and I as little doubt that the more simple such laws are the better, and that it would be infinitely better for the public, if driven to the alternative, to have a perfectly free trade among Issuers of Paper Money, than the existing system, which has been concocted by the advice of Money-dealers,—advice given on the identical principal which actuated *Æsop's leather seller*.

These acute millionaires saw, what, indeed, should have been apparent to our legislators, that when the currency of each district was supplied by the banker, who best knew the local wants, it would not be possible to operate so largely, so certainly, and therefore so advantageously to themselves, as if they could make London the centre from which all the currency should flow, directly or indirectly. And although they have not yet succeeded to the extent they desire, they have accomplished far too much for the prosperity, or, indeed, for the honour, of this country.

Three times, within a very limited period, the laws passed by the advice of money-dealers, for the legislation of the currency have brought the Bank of England to the verge of bankruptcy, from which it only escaped by breaking the law. And it does occur most forcibly to my mind that it is the bounden duty of every man to contribute all that lies in his power to prevent the repetition of so demoralising a practice,—admitted, forsooth, by the admirers of the present system to be indispensable. Breaking a law admitted to be indispensable! What must be the real character of the law?

The Currency Question has always appeared to me to be one of the most simple character, although parties deeply interested in the maintenance of the existing absurdity,

have so successfully contrived to mystify the subject, that it is one hardly ever discussed in society; yet nothing can be more clear than the fact that it is one of the highest social importance to all classes of the people.

Whenever an important subject is much confused, the only sensible mode of arriving at a sound conclusion is to return to first principles, and this it will be my duty to perform with as much conciseness as the subject will permit, and so that every one who runs may not only read, but fully understand that which is of the utmost importance to himself personally—to his fellow-subjects collectively.

The question which it is so important to be properly understood and fairly answered is this—*Is it possible to establish a Currency suited to our domestic wants, which shall not subject the rate of discount to that excessive fluctuation under which our industry occasionally staggers?* And to solve this question in a satisfactory manner, all should be agreed on two preliminary points.

1st, *What are the essential elements of a good Currency?*

2nd, *What is the cause of that excessive fluctuation in the rate of discount, under which we at present suffer, and which may be truly called the curse of industry?*

These two questions must be answered, not only with precision, but with the assent of every intelligent mind—in order that every proposal for a change in our present system of Currency may be brought to an acknowledged test, when comparing it with that which at present exists—and most fortunately there can be no difference of opinion as to the answers to be given to these two questions. They are—To the 1st: *The essential elements of a sound Currency are, that it should be always sufficient in quantity, and its value not liable to fluctuation.*

To the 2nd: *That an increased rate of discount is occa-*

sioned, under the present system, by an increased demand for gold in foreign countries.

This plain statement would surely lead every unprejudiced mind to the inevitable conclusion that an article so liable to fluctuation, both in quantity and value, as gold, cannot possibly be a proper article for Currency; one of the essential elements of which is, *that it should always be sufficient in quantity*, and not liable to fluctuation in value, and so palpably true was this conclusion, that our Currency quacks found it necessary to meet it, and fancied they had obviated the objection by passing a law that the Bank of England should always sell over their counter whatever gold was asked for, and always purchase whatever quantity was offered for sale, and this at a certain fixed price, whether its value abroad was high or low.

But it is evident that absurd as this law was, it could not apply to *quantity*, but only to *value*, and how any one could have been sufficiently brazen-faced as seriously to propose that which cannot be read without derisive laughter, can only be explained by the fact that the proposal was made to the same body which had repeatedly declared that Gattou and Old Sarum were the bulwarks of our constitution, and that the best means of securing to the industrial population of this country a sufficient quantity of corn at a moderate price, was to prevent its importation from abroad.

But even the Corn Law had its sliding scale, for our legislators appear to have had shrewd suspicion that famine prices might cause something yet more disastrous than cheap corn, and therefore the sliding scale was invented; but gold has none, however high, however low the value of gold may be in Europe, Asia, Africa, or America, the Bank of England must purchase or sell it on demand, at a fixed price—and this our legislators were pleased to call Regulation of the Currency!!!

Shade of Cervantes where art thou!

The consequence of such a law was inevitable—when gold was cheap abroad, the Bank coffers overflowed—when it was dear abroad they were exhausted; such a trade could only terminate in Bankruptcy, and Bankruptcy in an establishment, almost national, is not a pleasant operation—*yet Bankruptcy must happen, unless some expedient could be adopted to divert the loss from the Bank, and throw it on the people—and this was accordingly done.*

Of course, in an underhand manner, for no one would have ventured to make so bare-faced a proposal as to tax the industry of this country to prevent a Joint Stock Company (for such is the Bank of England) suffering the penalty of Bankruptcy, necessarily attendant on such an absurd mode of transacting business as to engage to buy, and to sell, any article at a fixed price, without any reference to its value in foreign countries.

The wicked dodge of throwing on the industry of this country the burthen of bearing the folly of the Bank, works in this way;—when the Directors perceive that the gold is leaving their coffers, they immediately raise the price of discount—this sounds the alarm, other bankers do the same, for no one will discount at five per cent. if he can obtain six. The Continental demand for gold increases, the Directors again and again raise the price of discount, their example is again followed, and yet gold still leaves the country—and again the Directors raise the price of discount, and take another step, that of rejecting the very bills which they would have cheerfully discounted a few months before.

The alarm spreads, other bankers, necessarily the most careful of traders, and the most honorable as well as most useful class in society, pursue the same course—limit the accommodation to their customers, in the shape of discounts and advances, and prepare to meet the coming storm by realising a considerable amount of their assets, which

they lock up in the shape of gold and Bank of England notes: This limitation of discounts, and advances, and of currency, causes great pressure on the Mercantile classes whose business is carried on by bills of exchange—great sacrifices are made, sometimes successfully, often not—frequent bankruptcies occur—the alarm becomes more general, all prudent persons contract their engagements until the storm is passed, therefore the industrious classes dependent for their daily bread on daily employment, are without work, and the alternative of the pawnbroker, the workhouse, or starvation, is all they have to look for.

But still the gold leaves the country, discounts rise to ten per cent., hoarding for the dreaded day increases among all classes—panic ensues—bankruptcies increase, clutching the most solvent as well as the most speculative—Bank Directors get frightened—the Government alarmed—at last, to prevent the bankruptcy of the Bank of England, the Directors break the law, with the concurrence of Government, and confidence begins to dawn.

Now, the law which they have so broken is that which compels them not to issue notes beyond a certain amount without a corresponding quantity of gold in their coffers, and they have just broken the law by creating Two Millions of Bank-notes more than they ought, thus making above 15 millions of Bank Notes in the hands of the public, without an ounce of gold to meet the Two Millions not already pledged to redeem other notes. Although the public knew this, confidence immediately began, for the Directors then had the power of creating any quantity of notes they pleased, and therefore the means of discounting bills—paying ten per cent. for more accommodation being infinitely better than the alternative of bankruptcy; and mark the fact that it was not gold, but an additional number of Bank-notes, which restored confidence, and the greater part was soon in the hands of the public.

Does not this clear statement prove, as clear as the sun at noon-day, that the Bank of England has really thrown on the shoulders of the industrious classes, in the shape of increased discount, the loss which it ought to have suffered, because it was a party to so absurd a law, in order to obtain and uphold its baneful *Monopoly*. Had it not been for increasing the discount, gold would have left its coffers more rapidly, and its bankruptcy sooner inevitable; and, indeed, this would have become so frequent that even an idiot would have fancied something must be wrong in the law.

Now, if this operation of increasing the rate of discount could be limited to those who desired to export gold, no one would complain; but this is impossible, and therefore every employer of native industry, whether in our industrial hives of Manchester or Birmingham, or the agricultural population of Caithness or Cornwall, must pay the increased rate of discount for the money essential to carry on his business, with the still more deplorable certainty of having his usual accommodation limited.

How long the industry of this country will suffer this extortion to be practised, for the mere purpose of bolstering up the *Monopoly of the Bank of England*, must depend upon themselves and upon the Press. These were sufficiently powerful to abolish the monopoly of the Corn Laws, and that of the Bank of England would soon yield to a vigorous assault. The famine in Ireland gave the death-blow to the former: 10 per cent. may arouse those who would have borne with the infliction of 6,—not without grumbling, but with grumbling alone. And it is not a new feature in the practice of monopolists, that while the public are robbed for the purpose of saving them from bankruptcy, they contrive to make the transaction profitable to themselves, and chuckle over the 10 per cent. extorted from the industry of the country to enhance their dividend.

This raising the rate of discount saved the bank in 1837;

but it failed to do so in 1825, in 1847, and in 1857. While on this subject, it may be as well to notice another legislative absurdity on this subject, proving that with institutions as with individuals, any departure from truthfulness must be supported by others most monstrous. The law says that every bank-note issued by the Bank of England, shall be convertible into gold on demand; and the law also says that the Bank may issue Fourteen Millions of Bank-notes without an ounce of gold in its coffers. Besides this, the Bank being a Joint Stock Company, is permitted to take deposits—that is money which they may be immediately called upon to pay either in notes or in gold, if in the former, it must immediately change them into gold on demand.

That this is the law no one can deny; now, let me produce the Bank account, published the week after the Directors had broken the law.

<i>Gold. Dr.</i>	<i>Gold. Cr.</i>
Notes Issued, 29,564,595	Gold Coin and Bullion, . 6,079,595
Less on hand, 1,148,185	Gold and Silver Coin, . 404,501
21,416,410	6,484,096
Public Deposits, . . . 5,483,881	Deficiency, ... 35,204,904
Other Deposits, . . . 13,959,165	
Seven day and other Bills, 829,544	
41,689,000	41,689,000

But even this account does not tell the truth, the whole truth, and nothing but the truth, for it does not in the first item on the credit side distinguish the amount of how much gold coin, and how much bullion, so it may be true that when the account was issued the Bank had not coin to the extent of Half a Million, to meet its liabilities to pay in gold £41,639,000. And this is Lord Overstone's Regulation of the Currency.

Of course, the Bank of England has plenty of assets to meet every possible liability, provided it had time to realize them; but this is practically impossible, for hoard-

ing is the certain accompaniment of panic, and where there is hoarding there can be no purchasers of assets, however good. In the above account the Bank had a valuable asset in the Government debt of Fourteen Millions, but the Government had no money wherewith to pay it. It may be said, and said truly, that all other Banks are similarly situated, and that it would not be possible for any to pay those demands for which immediate payment may be demanded, but which never is called for except in times of panic.

It is for this very reason I am so anxious to avoid that Convertibility which is the inevitable parent of Panic whenever there is a great demand for gold abroad—it is therefore I am so anxious to prevent the possibility of any department, directly or indirectly, connected with Government, becoming bankrupt or violating the law in order to prevent bankruptcy.

The present system works in this manner. The money-dealer having to pay a bill for £10,000, due in London, finds gold cheaper in Hamburgh than in London: he therefore purchases at that place, say for £9,500, so many ounces of gold as would at £3 17s. 10½d. amount to £10,000, imports it to London, walks into the Bank of England, there *deposits it*,—mark, *deposit* is the word. But for what does he ask?—anything like a pawnbroker's duplicate! No such thing. He asks for £10,000, and £10,000 is given to him in Bank-notes, with which he retires his bill, and blesses his ingenious leader in money dealing, for having invented so easy a process, by which he has pocketed £500, minus expense of carriage.

Similar operations are continued until the Bank coffers overflow, and therefore there cannot be so much gold in Hamburgh; consequently it becomes dearer there than in London, when the money-dealer again walks into the Bank

of England, not as a seller, but as a buyer. He purchases from the Bank any quantity he can find means of paying for—and money-dealers are millionaires—at the rate of £3 17s. 10½d. per ounce, and sells it at Hamburg at a profit.

Superficial persons exclaim, well, the money-dealer has got back his £10,000 at £3 17s. 10½d. per ounce, and although he has made a profit both in buying and in selling, yet neither the bank nor the public has been injured: for the former has sold the gold it received at the same price it paid—£3 17s. 10½d. per ounce; and as to the public, there is the same quantity of gold in the country as when the first operation commenced.

Now this would be quite true, were it not for "*Convertibility*," which obliges the Bank to continue the operation of selling, in other words, of giving gold in exchange for its notes, so long as it is profitable for parties to buy, or until its gold is exhausted, and Panic ensues; indeed, nothing would be more easy than for a combination of these money-dealing millionaires on many occasions to combine and purchase the last two or three millions.

They could not possibly lose one shilling except for interest. £3 17s. 10½d. they would pay for each ounce—and £3 17s. 10½d. they would receive when their game had been played; and their enormous profit may be best judged by the fact that, their *principal organ*, *The Times*, in a leading article, blamed the Government for having interfered, by its letter to the Bank Directors, with what it unblushingly called the legitimate profit of the money-dealers, whom it y'clept, "*The hard headed Calculators*," and which profit it declared would have been from 20 to 30 per cent. had it not been for that letter.

No one can entertain a rational doubt that just in proportion as any article chosen as Currency, whether gold, silver, copper, paper, or the cowrie, becomes an article of commerce—that is sought for by other countries—it ne-

cessarily ceases to be a good article for the Currency of a country;—and for this self-evident reason, that all articles of commerce must be subject, be it more or be it less, to fluctuation both in quantity and in value, arising from the natural causes of supply and demand.

To this the supporters of our present system of Currency reply—The principle you have laid down is quite correct, no one can truthfully impugn it; and it is on this principle we hold gold to be a proper article for Currency; because although it is an article of commerce, and therefore liable to fluctuation, both in quantity and in value, yet it is much less liable to such fluctuation than any other article which can be named.

Now, *this is the point on which I take issue*, and it is the very gist of the whole question; for every disinterested person, not bigoted to any particular theory will unhesitatingly admit, that the article which is least liable to fluctuation, both in quantity and in value, is that which ought to be selected as the proper article for Currency—assuming, of course, that it is sufficiently convenient in portability.

My proposition is, *That a Paper Currency, issued by Government, inconvertible into gold, but limited in amount, and not subject to the control of any Bank in any shape, must necessarily be less liable to fluctuation, both in quantity and in value, than gold*, because Paper Currency can never become an article of commerce;—nay, beyond this, I aver that any fluctuation in such a Paper Currency would, under proper regulations, be morally impossible. I say under proper regulations, for although such regulations would be very simple, and the more so the better; yet care must be taken that they are not formed by any one interested in upholding the present system, which may be truly described as one concocted by interested parties to render the Currency as liable to fluctuation in quantity as the public will bear—for

be it ever borne in mind that such fluctuation is always an enormous source of profit to that class of money-dealers of whom Lord Overstone may be considered the leader.

Of course, on the bare mention of a Paper Currency, inconvertible into gold, this class of money-dealers will urge their principal organ, *The Times*, to shout—Assignats—Worthless rags—Brummagem school,—and all that low slang which constitutes so material an element in its dogmatic assertions on every subject. To expect such parties to be convinced by reason is as hopeless as it was to convince Landlords of the injustice of the Corn monopoly. But our industrial population, whether employers or employed, are beginning to see clearly the folly of paying 10 per cent. for discount, as the minimum rate, merely to pay the losses which would be incurred by the Bank in bolstering up its *monopoly*, and saving that credit which is so often endangered by the demand for gold in Foreign countries.

But there are others whose objections to a Paper Currency, not convertible into gold, deserve to be treated with respect; for without any interested views they see the evils inevitably attendant on the present system, and would hail with pleasure any effectual remedy; but they fear that a Paper Currency not convertible into gold would produce similar if not greater evil. One of the most respectable of the London press, the *Daily News*, in an article last week, thus states the proposition—"That the securing of the convertibility of the Bank-note is a cardinal principle."

Why? Surely for only one reason, namely, to prevent its depreciation. Can any other be possibly suggested, and if not, does it not follow as a matter of course that Convertibility is not the *End*, but only a *Means* to prevent depreciation of the note.

Can there be any rational doubt of this? and if this be

so, does it not follow not only by the rules of logic, but by common sense, that other *Means* than those of convertibility into gold may possibly also produce the same *End*, namely, security against depreciation.

Can even *The Times* have the audacity to deny that "Convertibility" is merely a *Means* to an *End*—the *End* being to prevent the depreciation of the note, and if *The Times* will not do this, will Lord Overstone? Let him be asked the question by your Committee. And yet upon the fact that Convertibility is only a *Means* to an *End*, depends the whole question as to the necessity of keeping up this *myth*—not less false than the rites of Paganism, and entailing ruin upon the wealthy—want of employment and consequent starvation upon the industrious class.

Those who have studied the subject are perfectly aware that there is a principle which would prevent the inconvertible note from being depreciated, and this principle is "*Limitation of the Issue*"—the most ardent of bullionists freely admitting that if the supply of notes can be limited, depreciation is impossible; but in the same breath they assert that limitation is impossible, for extension of the issue presents so easy a mode of raising money, that it will be resorted to in the case of necessity by all Governments.

But the same assertion may be made of clipping the coin, and no doubt despotic Governments would resort, and have resorted, to clipping the coin, and extending the paper issue, in order to escape from temporary embarrassment. I would no more intrust the limitation of a Paper Currency to a Legislature elected by Universal Suffrage, as in America, than I would to a Venetian Senate, to the Emperor of Russia, or to the King of Timbuctoo.

But in Great Britain—one branch of the Legislature composed almost exclusively of Landlords, the other of the most wealthy Commoners of all classes in society—to suppose that both, or either of these assemblies would

depreciate a Paper Currency by increasing the amount issued, in which depreciated paper their rents and debts would be paid, would require an amount of credulity which does not belong to these times.

Then, however, arises a most important question, but fortunately one which has a most easy solution. It is this—What shall be the amount of the limit? and also another—Who shall issue the notes? for although "*Limitation*" is a principle which, when applied to a Paper Currency not convertible into gold, must infallibly produce the desired *End*—namely, impossibility of the depreciation of the note—yet it is self-evident that such limitation must, to attain that *End*, be governed in its amount, by the means of those who issue the notes; and not only is this necessary, but it is also essential such means should not be liable to any disturbing influences, but be as permanent as human affairs will permit. This permanence must, of course, depend upon the character, the position, and the habits of those entrusted with the issue.

None but a Government issue can possibly satisfy to the fullest extent this permanence. A Joint Stock Company like the Bank of England may be improvident—contract bad debts—speculate injudiciously—lend money on bad security, or dissipate its resources as other banks have done; and it should never be forgotten that regulation of the Currency is a primary duty of all Governments, whether civilized or savage. Surely that Government commits a gross dereliction of duty when it delegates the regulation of a considerable portion of our Currency to a Joint Stock Company like the Bank of England.

All tampering with the Currency of a country must be highly prejudicial to the industrious classes, both employers and employed; and the result is precisely the same, whether such operation of tampering is on the amount of the Currency, or on its value; yet, strange to say, the Jew

who tampers with the value, by clipping the coin, is treated as a felon, while the Directors of the Bank of England daily tamper with the amount of the Paper Currency.

No blame can attach to the Directors, for the duty has been imposed upon them by vicious legislation, concocted and contrived by interested parties. Woful experience has proved beyond all reasonable doubt the inevitable result of such legislation. Houses, perfectly solvent, obliged to suspend payment—others ruined, because they could not obtain discounts, which a few months before had been almost forced upon them—the industrious classes unable to obtain employment—all classes suffering—and the Bank itself only escaping bankruptcy by the discreditable operation of suspending the law of the country.

That the existing system of Currency has several times produced those great social evils, none but those confirmed red-tapists, who dwell in Circumlocution-office, and those who make a large profit by the distress, can seriously deny,—but it may not have occurred to you that the principle of convertibility into gold *necessarily* carries with it these lamentable results—yet I hope to make it as apparent as the sun at noon-day, if not to you, to the public, that such is the fact.

Strange, indeed, is it that Lord Overstone and the Bullionists can so plainly discern the mote of an enterprising merchant trading beyond his means,—those very Bullionists, be it observed, having crippled his means,—and yet not discern the beam of the Bank of England, liable to be called upon to pay in gold above *Forty Millions*, with gold in its coffers not amounting to *Six Millions and a-Half*.

It would be very difficult to believe that a majority of your body are so crassly stupid, or so bigoted to preconceived notions, as to require any argument to prove that any Company, or indeed any Government, with such

a balance sheet as that just given must always be liable to great danger from a continental demand for gold,—must often be at the mercy of money-dealers,—must often be on the eve of Bankruptcy.

But the argumentative persuasions of the Whipper-in are notorious. I will, however, leave you without the shadow of an excuse, either for ignorance or prejudice, by referring you to facts, which, unless you are prepared to deny the axiom, that the same cause will produce the same effect, ought to be decisive. In 1793 there was a panic, and scores of banks suspended payment; in 1825, there was a panic; in 1837, another; in 1847, another; a fifth, in 1857—in 3 of these panics, those of 1825, 1847, and 1857—the bank only averted bankruptcy by breaking the law. During these years of panic, convertibility into gold was the law of the land; from 1795 to 1819 inconvertibility into gold was the law of the land, and there was not one single panic. Not one single monetary panic—no, not when the invasion of the country was so looked for that one million of volunteers rose in arms to repel it.

But it is confidently said, that if "Convertibility" was not the law, there would still be occasional distress among our merchants, manufacturers, and industrious classes; and this may be most freely admitted, with the observation that it has nothing to do with the question—for the charge is not that "Convertibility" occasions distress, but that it invariably increases it, and sometimes to the extent of Panic. Panic is the child of "Convertibility." Panic is one thing—distress another. Panic arises from a general fear among all classes: distress, however extensive among the traders in one or several commodities, hardly affects any but their immediate connexions; indeed, almost universal distress, unless it produces extensive rioting, will not produce Panic.

Over-trading in any commodity, or to any country, must

produce distress and probably ruin to all connected with those in that particular business; but the agriculturist in Yorkshire and the miner in Cornwall could in no ways be affected by such bad speculations. A Panic, caused by "Convertibility," having exhausted the gold in the Bank, may be the ruin of both.

Distress arises from that which has happened; Panics arise not merely from that which has happened, but that which people are afraid of happening—not from the amount of gold actually taken from the Bank coffers, but from the fear that it may all go—for what dishonour is to a soldier, so is bankruptcy to a merchant or to a banker; it must be averted, cost what it may, present or future; and thus we find that during the late Panic the greatest hoarders were not the ignorant, but the well-informed London bankers and merchants. Then comes the harvest of the money-dealers.

Money-dealers who have so strong a personal interest in upholding the present system, and by whom, indeed, it was contrived, will no doubt shout Repudiation—the Law pronounced that the Bank should pay all the notes it issued in gold, and yet you now propose that the notes should be paid in paper. To which hypocrisy the common sense answer is—True that the law did say so, that the Bank should pay all the notes it issued in gold; but the same law also said that the Bank might issue Fourteen Millions of Bank-notes without having an ounce of gold in its coffers to pay them.

The attempt to reconcile such opposite principles has brought the Bank of England to the verge of bankruptcy on several occasions, and inflicted on the industrious classes distress, ruin, starvation. Instead of Bank-notes, which have produced such lamentable results, we will give you in exchange Government notes, which will be made a legal tender, received for taxes, and issued with precisely the

same relation to the measure of value as the present note, namely, gold at £3 17s. 10½d. per ounce.

This answer would be sufficient for any rational creature who had not his own purposes to serve, especially when it is remembered that on every occasion when the Bank was on the verge of bankruptcy, confidence was restored—how? by paying its notes in gold: no, but by issuing more notes, although the public well knew that it could not pay gold for two-thirds of those already in existence. Surely this proves that the public care not a rush for Convertibility, even in the worst of times, and when every thing is prosperous it is confessedly of no importance.

But, unfortunately, the class of old women, with a masculine dress, is very numerous, and I would therefore respect their prejudices, and leave the money-dealers alone in their glory. With this view, the new Government notes should be a legal tender, except in exchange for Bank of England notes, which should be payable either in gold or notes at the option of the holder, time being of course given to the Government to effect the operation.

The measure which I so confidently submit for your consideration, would prevent the possibility of panic among the Commercial class, arising from the difficulty of obtaining gold; and I firmly believe, from every *Monetary Cause*. It would also produce a very great *Financial Benefit*, enabling the Government to redeem their promise of giving up the Property Tax at the appointed time.

Important as these considerations undoubtedly are, I esteem them of very little moment compared to the permanent relief the industry of the country would receive by not having its daily operations interfered with, for the silly purpose of attempting to keep gold in the country when it bears a higher price on the Continent—a Sisyphean labour only accomplished by the distress and ruin of honest men, amidst the curses of all, except the money-dealers.

If the measure I propose should be adopted, it would be necessary—

1st. That the Monopoly of the Bank of England should be abolished, that it should cease the issue of notes, and have no connection, either directly or indirectly, with the Government.

2nd. That the Government should issue notes, not convertible into gold, limited to the extent of the Revenue—such notes to be a legal tender, and of course receivable for the Revenue.

WORKING OF THE MEASURE.

The first operation would be to pay off the nominal amount due to the Bank—say Eleven Millions,—and I call the amount nominal, because in truth the Bank is indebted to the public, as represented by the Government, a far larger sum, on account of the notes which it has issued and for which it has received value; for of course the Government would relieve the Bank from the payment of these notes, and exchange them for Government notes as quickly as possible.

Taking, for the sake of uniformity, the weekly account of the Bank of England already quoted, and although the sums are different, the general result would be similar, the Bank would have to pay the Government a balance of £10,391,310. The account being as follows:—

<i>Bank of England. Dr.</i>		<i>Bank of England. Cr.</i>	
Notes issued by the Bank		Government debt, . .	11,015,100*
less in hand, . . .	21,406,410	Balance due from Bank,	10,391,310
			21,406,410

* This is the real debt, the nominal one is £14,475,000; but for £3,459,900 the Bank holds securities worth more than the money.

This balance the Bank would not have the slightest difficulty in paying, as the bullion and coin now in its possession would be sufficient.

FINANCIAL POSITION OF THE GOVERNMENT.

Assuming that the Government issue was limited to the amount of the Revenue, not reckoning the Income-Tax, (which may be considered only temporary, provided the proposal be adopted,) or say in round numbers to Fifty Millions, about Twenty Millions and a-Half are now in the possession of the public, which would leave in the Government chest about Twenty-nine and a-Half Millions of Notes. This, with the balance paid by the Bank, £10,391,316, would put the Government in possession of a sum nearly approaching Forty Millions—not an uncomfortable balance with which to commence the era of common sense.

APPLICATION OF GOVERNMENT BALANCE.

Of this sum, everything above Twenty Millions should be kept by the Government, and applied solely to the payment of dividends and expenses of Government, and which must be periodically replaced by the current revenue. This would prevent the possibility of Government ever having occasion to borrow a shilling for such purposes, and would be the best of all Peace Preservers. Who would like to commence war with a country having a disposable sum in its hands of above Fifteen Millions!!

The Twenty Millions should be issued in One Pound notes, according to the suggestion of the Secretary of the Treasury—one of the best financiers of the present day,—and should be applied in paying off all the Exchequer Bonds created by Mr. Gladstone, and the balance applied to pay off Exchequer Bills, thus relieving the country from Annual Taxation.

It is only fair to Mr. Wilson, the Secretary of the Treasury, to say that his proposal was to issue One Pound Notes to the amount of 20 millions, but which were to be convertible; but I submit that my proposal is infinitely better, for his would only have increased the intensity of the Panic, if any cry arose of *Go for gold*. Under his plan, however, as well as mine, if the public did not require this extra circulation, a quantity of sovereigns would probably be withdrawn from circulation, melted, and sent abroad.

For there is no proposition more true, than that it is absolutely impossible to have in any country a greater amount of circulation than its inhabitants require; and this proposition is equally true, whether the Currency be of gold or paper—in the latter case it is always returned to the issuer—in the former, it goes to the melting-pot, either for home or foreign consumption.

One of the old school will immediately exclaim, Monstrous—why this 20 millions of sovereigns might be sent abroad to enrich foreigners at our expense; but experience has taught us that the foreigner would not only have to give the value of each sovereign before he received it, but if such exchange made him richer, we should rejoice since rich customers—and all foreigners are our customers—are better than poor ones.

EFFECT ON THE INDUSTRY OF THE COUNTRY.

Every one would conduct his own business without the slightest fear that he should suffer from the fault or improvidence of those with whom he had no connexion. No one who loves the truth, and desires that it should prevail, will say that this is the case at present; and the baneful effects press with peculiar hardship on two large classes of the community—the agricultural class, who never can be accused of rash speculation, and the operative, depending on his daily labour for his daily bread.

The interest of both these classes is considered by money dealers of very trifling importance.

Under the present system, these classes are deeply injured if either the manufacturing or commercial classes enter into wild speculation, either with or without resources: for a collapse must sooner or later take place; and I confidently believe that, like all wise measures those now proposed, will confer benefits on the community hardly contemplated when first proposed.

For it cannot be doubted that one of the causes which lead to excessive credit, without which wild and extensive speculation could not exist, is not merely the hope but the certainty, as experience has proved, that if the rate of discount can be driven down to 2 or 3 per cent., it must certainly rise to 8, 10, 12, and higher, per cent. Thus in 1852 the Bank minimum rate of discount was 2 per cent., in 1857 10 per cent.; and for the maximum rate, inquire of the money-dealer.

If, however, the proposed measure were to become law, and the *Monopoly of the Bank of England abolished*, there would be no gigantic establishment with above 20 millions of gold in its coffers, anxious to employ it on any terms, and forcing it on the country by the temptation of lending it at 2 per cent. Interest, therefore, and the rate of discount, would be regulated solely by the law of supply and demand; and the wealth of the country being very great, it could never attain an exorbitant rate.

Neither could it be very low; for as the hope, if not certainty, of an extravagant rise would be cut off by the proposed measure, when there was a superabundance of money in the market, rather than lend it at 2 per cent., it would be invested either in Government stock, or railway shares, or land and houses, or lent on mortgages or railway debentures. Absurd speculation would therefore not be fostered, as it is under the present system: where it

existed it would be the exception and not the rule—entailing ruin on the parties alone, but having little effect on the general welfare.

No class would be more greatly benefited than railway proprietors, for not only would there be a greater amount of capital invested, raising the price of shares, but the debenture interest would rule considerably lower, and be more steady, than under the present system—an all-important consideration. Interest on mortgages also would certainly rule lower, in consequence of there being a greater amount of money invested in them.

EFFECT ON MONEY-DEALERS.

They must be content with a fair profit on their capital, derived from the prosperity of those around them, in place of those exorbitant gains of an usurious character coming from the misery of those who are so unfortunate as to be in their power, and entailing on millions of unemployed workmen starvation. Poll them to-morrow, and all to a man would choose the present system. Poll the Bankers, and the proposed measure or a similar one would be hailed with enthusiasm.

Although open to the charge of tautology, I will now lay down, under separate heads, Propositions which I myself believe are Truisms, and which should therefore lead to the immediate abolition of the present system.

I have the honor to remain,

GENTLEMEN,

Your truly faithful and obedient servant,

ANTI-MONOPOLY.

December 23, 1857.

P.S.—If you are sincerely desirous to perform your duty, irrespective of preconceived opinions, you will not

hesitate to inquire of the Manager of every Bank of Issue in the United Kingdom, *Whether the Banking operations of his district would not be less liable to disturbing influences, if the notes he issued were payable in such Government notes as are proposed, or gold at his option, than under the present system.*

You will not fail to recognise in these gentlemen, your equals in education, and far your superiors in knowledge of that which would be most conducive to the public welfare on this all important subject. Will you, on that account, refrain from asking their opinion? which you may do by circular with little trouble or expense. Even a money-lender would not venture to assert that such opinion could be subject to any interested motive, as it is self-evident that no local Banker, whether he issued his notes or not, could obtain a Government note for One Pound, a fraction less than he would pay for a Sovereign.

APPENDIX.

TRUISMS

On the Bank Monopoly.

1st. That the enormous fluctuation in the rate of discount—the extremes being from 2 *per cent.* in 1852, to 10 *per cent.* in 1857, or 400 *per cent.*! is a curse upon the industry of the country, and has the baneful effect of introducing into mercantile operations that spirit of gambling which is the leading business of a Stock Exchange.

2nd. That such fluctuation is not regulated by the natural law of supply and demand, but is solely owing to the *monopoly of the Bank of England*, the Directors of which have entered into monetary engagements which they knew, not only as merchants, but from actual experience, it would be impossible to perform when there was a great demand for gold abroad.

3rd. That they entered into such monetary engagements for the sole purpose of obtaining and continuing their *monopoly*.

4th. That such impossibility of fulfilling their engagements is proved by every weekly account published by themselves; such accounts showing that the liabilities of the Bank to pay in gold always exceed to an enormous amount the gold in its coffers; and even of this gold by far the greater part is in bullion, and therefore not available in a sudden emergency.

5th. That during the late panic, the week after the Directors had broken the law, their published account showed that the liabilities of the Bank to pay in gold exceeded 40 *millions*, while all the gold and silver it possessed was only £7,170,508, of which by far the greater part was bullion.

6th. That it is a mockery, a delusion, and a snare on the part of the Bank of England to pretend that it is always able to pay

its liabilities in gold; and such deceptive conduct ought not to be tolerated in a country which professes to be guided by a love of truth.

7th. That in addition to the immoral tendency of such deception, it is a fact incapable of denial, that the attempts of the Bank to bring back gold into its coffers, inflicted distress and ruin on the industrious classes in the years 1825, 1838, 1847, and 1857.

8th. That it is as certain as that 2 and 2 make 4, that the industrious classes must be again borne down by similar calamities, if through ignorance, corruption, or spathy, the *Monopoly* of the Bank of England is suffered to continue a disgrace to our laws.

TRUISMS

On the Qualities of a Good Currency.

1st. That its essential elements are, that it should be always sufficient in quantity, liable to no fluctuation in value, and portable,—and provided it possesses these qualities, the material of which it is composed is of no importance.

2nd. That Currency bears no other relation to the measure of value than that which exists between the article measured and that which is the measure, precisely the same relation which exists between the measure of length and the article measured—the yard and the yard of velvet or of cotton.

3rd. That in proportion as any article becomes one of commerce, so must it cease to be a good article for Currency, in consequence of the fluctuation either in quantity or in value, inevitably arising from the Law of Supply and Demand.

4th. That it is, therefore, impossible gold can be a good article for the Currency of this country whose trade is so enormous, because gold is an article of commerce practically proved to be liable to enormous fluctuation in quantity; the difference between that in the Bank in 1852 and in 1857 being above 200 per cent.

5th. That the same objection does not apply to gold being still

continued as the measure of value at £3 17s. 10½d. an ounce, it being of the greatest importance that the measure of value, although probably not the best, should never be altered.

6th. That a Government issue of paper money, not convertible into gold, limited in amount to less than its annual income or revenue, issued in relation to the present measure of value—gold at £3 17s. 10½d. per ounce,—would satisfy every element of a good Currency, being sufficient in quantity, liable to no fluctuation in value, and portable.

7th. That its sufficiency in quantity is proved by the fact that the revenue of the country exceeds 50 millions, without reckoning the Income-Tax, while the average of the amount of notes issued in the United Kingdom in November last was only 38,356,154.

8th. That it could not be liable to fluctuation in value, because it would always be received by the Government in payment of taxes at the amount at which it was issued, and would be a legal tender.

TRUISMS

On Convertibility being only a MEANS, and not an END.

1st. That Gold is a much less convenient Currency for domestic purposes, than Paper; and is, therefore, seldom used by the public, except in sums under the lowest amount of Note, or for special purposes.

2nd. That the convertibility of Paper into Gold can, therefore, only be desired to prevent the possibility of the Note being depreciated; and, hence, it is clear that Convertibility is only a *Means*, the *End* being to prevent the depreciation of the Note.

3rd. That the opinion of disinterested persons in favour of the necessity of Convertibility, arises from the fallacy that it is an *End* which must be maintained, although distress, ruin, and panic should *inevitably* accompany the attempt, when Gold is in great demand in other countries.

4th. That all well-regulated minds would rejoice at a fair

prospect of the same *End*—namely, the impossibility of the Note being depreciated—being attained by other means, which could not possibly be productive of distress or ruin to the industrious classes.

5th. That such means may be found in the principle of "*Limitation*," on the conditions that the party issuing the Note should be responsible now and hereafter, whose annual income should exceed the amount of *Limitation*, and by whom such Notes would always be received at par value in payment of rent.

6th. That such conditions can only be fulfilled by the party issuing the note being the Government of the country, irrespective of any Bank of any description.

7th. That a Government Issue of Notes, limited to the amount of its rent or revenue, and receivable in payment of the rent or taxes, and made a legal tender, although not convertible into Gold, would be a *Means* which would assuredly accomplish the desired *End*—namely, the impossibility of the depreciation of the Note.

TRUISMS

On Monetary Panic being the Child of Convertibility.

1st. That the fact that Monetary Panics existed in the years 1793, 1825, 1847, and 1857, when Convertibility was the law, and there was no such Panic between the years 1797 and 1819, when Non-Convertibility was the law, is quite sufficient to induce any disinterested person to suspect that Convertibility is the cause of Monetary Panic.

2nd. That such suspicion is confirmed to demonstration by the fact, that the Liabilities of the Bank to pay in Gold always greatly exceed its power of doing so.

3rd. That although such excess may not be of much importance when commercial affairs are favourable, and the exchanges are in our favour, yet woful experience has shewn how dreadful are the consequences of such excess when the exchanges are against this country, and Gold is wanted abroad.

4th. That at such periods every ounce of gold would leave

the coffers of the Bank unless the exchanges turned in our favour, to effect which object the Bank raises the rate of discount, which example is necessarily followed by every Bank in the kingdom.

5th. That if such increased rate of discount does not turn the exchange in our favour, then limitation of discount is next resorted to.

6th. That in this country all mercantile transactions, of the most wealthy as well as of inferior merchants, is carried on by bills of exchange, at various dates, according to the custom of the business in which they deal.

7th. That to raise the price of discount, and yet more certainly, to refuse it to bills of a long date, although taken without scruple at other times, must necessarily expose the least wealthy merchants and traders to bankruptcy.

8th. That many of such bankruptcies of the least wealthy must necessarily involve those of greater wealth, and the failure of these endanger the stability of those in a still higher position.

9th. That a continuance of such misery, when no one knows whom to trust, necessarily induces Panic—Panic produces hoarding—hoarding increases the evil—until, to escape from such confusion, the law is broken,—that law which compels the Bank to have a corresponding quantity of gold in its coffers for every note issued above a certain amount.

10th. That such distress, ruin, and panic, is *solely caused* by the attempts of the Bank to obtain gold, which would be unnecessary, except for the law of Convertibility.

TRUISMS.

On the Effect the Proposed Measure would have on the Industrious Classes.

1st. That the rate of Discount would be regulated solely by the Law of Supply and Demand, without the slightest reference to the quantity of gold in the country.

2nd. That, in consequence of the enormous wealth in the country, the rate of Discount could never be very high.

3rd. That, in consequence of the rate of Discount not being increased by the scarcity of gold, there would be no temptation for parties to continue that mode of investment when the rate was low; they would, therefore, invest in Government stock, railways, land, and houses; and thus, by diminishing the supply of capital used in discounting, raise the rate, which, therefore, could never be very low.

4th. That it is therefore tolerably certain that the rate of discount would be moderate, and not liable to any great fluctuation; thereby enabling the mercantile, manufacturing, and trading classes to calculate with more accuracy than they can possibly do under the present system, the lowest price at which it would be profitable to dispose of their goods, either to the foreigner or to the home consumer.

5th. That one of the greatest blessings which could be conferred on the industrial community would be to render the rate of Discount as little liable to fluctuation as possible.

6th. That the only way to effect this object is to render the rate of Discount solely dependent on the Law of Supply and Demand.

7th. That under the present system the rate of Discount is regulated by the demand for Gold in foreign countries.

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